

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 OMB-01

TRSE-00 EB-07 /070 W

----- 058064

P R 122015Z FEB 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4485

INFO DIA/DOD WASHDC

AMEMBASSY SANTIAGO

AMEMBASSY MONTEVIDEO

AMEMBASSY ASUNCION

AMEMBASSY LA PAZ

USCINCSO

S E C R E T SECTION 1 OF 2 BUENOS AIRES 0984

E.O. 11652: GDS

TAGS: PINT, PFOR, AR

SUBJECT: MRS. PERON FURTHER DISTORTS ARGENTINE POLITICAL
SCENE

1. SUMMARY: BELIEVING HERSELF TO BE IN A STRENGTHENING POLITICAL POSITION, MRS. PERON HAS MADE CABINET CHANGES AND TRIED TO CONTAIN THE POWER OF HER LABOR WING IN AN EFFORT TO PREPARE THE WAY FOR HER PRESIDENTIAL CANDIDACY. THE FACT IS SHE IS NOT RPT NOT IN A STRONGER POSITION--AND EVEN IF SHE WERE, CHALLENGING LABOR LEADERSHIP RIGHT NOW WAS ABOUT THE WORST POLITICAL MOVE SHE COULD HAVE MADE. HER MOVES, THEN, HAVE FURTHER DISTORTED AN ALREADY COMPLEX SCENE. IN THIS WORSENING POLITICAL AND ECONOMIC SITUATION, THE ARMED FORCES APPEAR TO HAVE GIVEN UP ON ABILITY OF CIVILIANS TO PUT THINGS IN ORDER AND ARE NOW SIMPLY WAITING FOR APPROPRIATE MOMENT TO STEP IN THEMSELVES. WE MUST NOW WAIT FOR COMING DEVELOPMENTS AND HOPE FOR A STABLE, RESPONSIBLE GOVT. END SUMMARY.

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2. APPARENTLY UNDER THE IMPRESSION THAT HER POSITION HAD

STRENGTHENED AS A RESULT OF HAVING SURVIVED THE AIR FORCE REVOLT IN DECEMBER AND A SERIES OF CRISES BEFORE THAT, IN JANUARY MRS. PERON BEGAN MAKING PREPARATIONS FOR THE NEXT ELECTIONS. HER ASSUMPTION (OR, RATHER, THAT OF JULIO GONZALEZ AND RAUL LASTIRI, WHO NOW APPEAR TO BE HER CLOSE ADVISORS) WAS FAULTY, BUT IT HELPS EXPLAIN THE CABINET CHANGES AND OTHER

RECENT MOVES. ESSENTIALLY, THE TACTIC IS TWO PRONGED: A) TO GET RID OF OR WEAKEN FORCES WITHIN THE VERTICALISTA CAMP WHICH MIGHT THREATEN HER CANDIDACY; AND B) TO TRY TO CO-OPT SOME OF THE BREAK-AWAY PERONISTS SUCH AS CALABRO AND CAMPORA. THE OUSTER OF ROBLDDO, ARAUZ-CASTEX, VOTTERO, THE THREE LUDER APPOINTEES, AND CORVALAN NANCLARES WAS PART OF THE FIRST EFFORT. ROBLEDO WAS A POWER IN HIS OWN RIGHT AND HE HAD BEEN MENTIONED AS A POSSIBLE PRESIDENTIAL CANDIDATE. ALL FOUR, MOREOVER, WERE OF THE OPINION THAT MRS. PERON SHOULD STEP ASIDE--AND CERTAINLY THAT SHE SHOULD NOT RUN AGAIN. THUS, AS GONZALEZ AND LASTIRI SAW IT, THEY GOT RID OF ONE RIVAL, ROBLEDO, WEAKEND ANOTHER, LUDER, AND SILENCED A GROUP OF NAY-SAYERS.

3. AT THE SAME TIME, THE CHANGES WERE ALSO DESIGNED TO TAKE THE POWERFUL LABOR WING (ESPECIALLY LORENZO MIGUEL) DOWN A PEG OR TWO BY NOT CONSULTING THEM ON THE CHANGES AND BY IGNORING THEIR OWN CANDIDATES. IT SOON BECAME EVIDENT, TOO, THAT RUCKAUF AND CAFIERO'S DAYS WERE ALSO NUMBERED. BOTH WERE IDENTIFIED WITH THE LABOR WING AND CAFIERO, LIKE ROBLEDO, HAD BEEN TOUTED AS A POSSIBLE PRESIDENTIAL CANDIDATE. INDEED, THERE HAD BEEN CONSIDERABLE SPECULATION CONCERNING A CAFIERO-LORENZO MIGUEL TICKET. THUS, LORENZO MIGUEL HAD TO BE WEAKENED AND CAFIERO HAD TO GO.

4. MEANWHILE, ROBERTO ARES HAD BEEN APPOINTED INTERIOR MINISTER AND SET ABOUT TRYING TO OPEN SOME LINES OF COMMUNICATION WITH SUCH DISSIDENTS AS VICTORIO CALABRO AND HECTOR J. CAMPORA. ON FEBRUARY 4 ARES MET WITH THE FORMER AND THIS LED TO A MEETING BETWEEN CALABRO AND MRS. PERON ON FEBRUARY 6. THE END RESULT OF THIS DEMARCHE MAY BE LITTLE, FOR CALABRO DECLARED AS HE CAME OUT OF THE MEETING THAT HE HAD REAFFIRMED ALL THE STATEMENTS AND POSITIONS WHICH HAD GOTTEN HIM TOSSED OUT OF THE PERONIST PARTY IN THE FIRST PLACE. IN ANY EVENT

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IT IS MOST UNLIKELY THAT CALABRO, WHO HAS PRESIDENTIAL AMBITIONS OF HIS OWN, COULD EVER BE BROUGHT AROUND TO SUPPORTING MRS. PERON'S CANDIDACY. UNDAUNTED, HOWEVER, ARES IS NOW RUMORED TO BE TRYING TO SET UP A SIMILAR MEETING WITH CAMPORA, WHO ENJOYS EVEN LESS SUPPORT AMONG ORTHODOX PERONISTS AND LABOR THAN CALABRO. CAMPORA'S STRENGTH, SUCH AS IT IS, IS WITH THE LEFT AND POSSIBILITY THE LEFT WOULD JOIN MRS. PERON'S CAMP IS NIL.

5. BOTH THE TACTIC AND THE ASSUMPTIONS ON WHICH IT IS BASED ARE FALSE. FIRST, MRS. PERON IS NOT RPT NOT IN A STRONGER POSITION. SHE HAS BEEN SPENDING MORE HOURS AT THE CASA ROSADA AND APPREARS TO BE IN SOMEWHAT BETTER HEALTH. BUT HER POLITICAL SITUATION IS UNCHANGED. THE INCAPACITY OF HER GOVT DURING THE AIR FORCE REVOLT MADE IT CLEAR THAT IF SHE WAS NOT OUSTED, IT WAS ONLY BECAUSE THE MILITARY, SEEKING TO AVOID VIOLATING THE CONSTITUTION, WERE PREPARED TO SUFFER HER A BIT LONGER. THAT IS STILL THE CASE. FURTHER, FEW--IF--ANY--OF THE KEY POLITICAL ACTORS ANY LONGER HAVE EVEN MINIMUM CONFIDENCE IN DEALING WITH HER. UCR LEADER RICARDO BALBIN LAST WEEK PUBLICLY SHOT DOWN RUMORS THAT HE WOULD MEET WITH THE PRESIDENT BY STATING THAT SUCH A MEETING COULD ACCOMPLISH NOTHING. IN PRIVATE CONVERSATION WITH EMBOFF, HE WAS EVEN MORE POINTED. REFERRING TO MRS. PERON IN BITTEREST TERMS, BALBIN SAID SHE WAS "INCAPABLE OF DEALING HONESTLY," AND DECLARED HE WOULD "NEVER SIT DOWN AT SAME TABLE WITH HER AGAIN." ADDITIONALLY, UCR ISSUED STATEMENT OVER WEEKEND WHICH IN EFFECT SAID POWER VACUUM AT CENTER OF GOVT HAD TO BE FILLED BY INSTITUTIONS ON URGENT BASIS, ELSE THERE WOULD BE A COUP.

6. SECONDLY, RATHER THAN STRENGTHENING HER POSITION, MRS. PERON'S LATEST MOVES HAVE WEAKENED HER STILL FURTHER. LORENZO MIGUEL WAS VIRTUALLY HER LAST POWERFUL ALLY. SHE HAS NOW GRATUITOUSLY TAKEN HIM ON IN BATTLE--AND WITH HIM, THE REST OF THE LABOR WING (SEE SEPTEL). HER MEETING WITH THE LABOR LEADERS ON FEBRUARY 10 MAY HAVE PAPERED OVER TO SOME EXTENT LABOR'S DIFFERENCES WITH THE PRESIDENT, BUT AT BEST THIS IS LIKELY TO BE A TEMPORARY RESPITE, IF RESPITE AT ALL.

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TRSE-00 EB-07 /070 W

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P R 122015Z FEB 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4486
INFO DIA/DOD WASHDC
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7. IN HIS FIRST FEW DAYS IN OFFICE, MONDELLI, THE NEW ECON MINISTER, HAS PUBLICLY STATED THE NEED FOR ARGENTINA TO REAPPROACH THE IMF, CRITICIZED THE ULTRA-NATIONALISTIC ASPECTS OF THE FOREIGN INVESTMENT LAW, AND SAID THAT BY NATIONALIZING FOREIGN FIRMS THE GOA HAS GREATLY DAMAGED ITS CHANCES FOR FOREIGN CREDITS. IF MONDELLIN SHOULD PURSUE AN ORTHODOX ECONOMIC POLICY AND RECEIVE THE NECESSARY POLITICAL BACKING, HE MIGHT BE ABLE EVENTUALLY TO BRING A HALT TO ARGENTINA'S ECONOMIC DECLINE. IT IS TOO EARLY TO TELL WHETHER HE WILL BE ALLOWED TO PURSUE SUCH A COURSE OR WHETHER HE WILL BE FIRED AS WAS RODRIGO IN JUNE OF LAST YEAR. IT SEEMS HIGHLY DOUBTFUL THAT LABOR WILL BE PREPARED TO ACCEPT MONDELLI'S APPROACH, EVEN WITH THE PROSPECT OF SEVERE ECONOMIC DISRUPTION AROUND THE CORNER. FURTHER, WHATEVER MONDELI MAY DO, MRS. PERON'S OUSTER OF CAFIERO WAS A SERIOUS POLITICAL MISTAKE AND HAS ALREADY LEAD TO INCREASING ECONOMIC DISRUPTION, THE PESO FELL 50 POINTS ON THE FREE MARKET IN ONE DAY (FEBRUARY 10) AND HAS FALLED OVER 110 POINTS IN LESS THAN TWO WEEKS. THIS MAY BE A SHORT-TERM PHENOMENON, BUT IT IS CONTRIBUTING TO A FEELING OF PANIC AMONG THE ARGENTINE PUBLIC. CAFIERO, MOREOVER, HAD
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LABOR'S CONFIDENCE. FIRING HIM IRRITATED THEM AND MADE IT EVEN MORE UNLIEKLY THAT LABOR WILL SUPPORT MONDELLI OR HIS PROGRAMS.

8. IF ANYTHING, MRS. PERON'S MOVES HAVE PLAYED INTO THE HANDS OF THE MILITARY, FOR THEY HAVE DRIVEN A WEDGE BETWEEN LABOR AND THE GOVT. INDEED, SEVERAL LABOR LEADERS HAVE COMMENTED TO EMBOFFS IN THE PAST FEW DAYS THAT THEY NOW VIEW A COUP AS INEVITABLE AND ARE PREPARED TO MAKE THE BEST OF IT--AFTER A FEW INITIAL DEMONSTRATIONS OF OPPOSITION (SEE SEPTTEL).

9. VARIOUS REPORTS INDICATE ARMED FORCES ARE NOW RESIGNED TO STEPPING IN, PERHAPS FAIRLY SHORTLY. ONE PROBLEM TO BE RESOLVED WOULD BE FINDING OFFICER OR OFFICERS WHO WILL ACTUALLY GO TO MRS. PERON AND TELL HER TO LEAVE. GENERAL VIDELA'S CALL IN DECEMBER FOR CIVILIAN FORCES TO TAKE NECESSARY MEASURES TO STRAIGHTEN THINGS OUT HAS NOT BEEN ANSWERED. INCREASINGLY, THEN, ARMED FORCES HAVE CONCLUDED

THAT IF THERE IS TO BE A CHANGE, THEY MUST BRING IT ABOUT THEMSELVES. IF THERE WAS ANY DOUBT IN THEIR MINDS THAT IT WILL BE NECESSARY TO STEP IN, THAT DOUBT WAS PROBABLY DISPELLED BY TALK OF MRS. PERON'S CANDIDACY. AS ONE HIGH-RANKING PERONIST PUT IT TO EMBOFF RECENTLY: "THERE IS STIL NO TIMETABLE FOUR COUP. IT COULD COME WITHIN A WEEK, OR WITHIN TWO MONTHS. OF ONE THING WE CAN BE SURE; TIME LIMIT WILL BE REACHED ON DAY MRS. PERON ANNOUNCES HER CANDIDACY."

10. NOW FACE TO FACE WITH INSTITUTIONAL CRISIS, UCR AND OTHER OPPOSITION PARTIES HAVE BEEN TALKING FOR PAST FEW DAYS OF DETOURING FULL IMPEACHMENT PROCESS AND HAVING CONGRESS SIMPLY DECLARE MRS. PERON UNFIT TO CONTINUE IN OFFICE. WHETHER THIS IS POLITICALLY FEASIBLE--OR JURIDICALLY SUPPORTABLE--HOWEVER, POSSIBLE, THEN MILITARY WILL ALMOST CERTAINLY MOVE AHEAD WITH THEIR OWN SOLUTION--WHETHER THEY MOVE THIS MONTH, NEXT, OR EVEN LATER.

11. ARGENTINA'S SELF-INFLICTED TORTURE THUS CONTINUES FOR YET A LITTLE LONGER. EACH MONTH IT HAS SEEMED THAT MRS. PERON COULD NOT LAST ANOTHER 30 DAYS. THAT SHE HAS LASTED THIS LONG SPEAKS WELL FOR THE DETERMINATION OF THE ARGENTINE MILITARY AND OTHER INSTITUTIONS TO REMAIN WITHIN THE CONSTITUTION IF AT ALL POSSIBLE. AT THE SAME TIME, HOWEVER, THE PROTRACTED
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DISTORTIONS AND SERIES OF CRISES RESULTING FROM THE CONTINUED POWER VACUUM HAVE IMPOSED SEVERE STRAINS ON THE ARGENTINE POLITICAL AND ECONOMIC SYSTEM. INDEED, THE COUNTRY HAS NOW REACHED A POINT FROM WHICH RECOVERY WILL BE DIFFICULT AND COMPLICATED, ESPECIALLY AS ANY FUTURE GOVT WILL HAVE TO CONTEND NOT ONLY WITH AN ECONOMIC CRISIS AND A FRAGMENTED POLITICAL SCENE BUT ALSO WITH CONTINUING PRESSURE FROM WELL-ARMED TERRORISTS DETERMINED TO DESTROY THE WHOLE SYSTEM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SITUATION, PUBLIC ADMINISTRATION, PRESIDENTIAL ELECTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS00984
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760054-0425
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760257/aaaabxhy.tel
Line Count: 261
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2004 by ellisoob>; APPROVED <21 OCT 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MRS. PERON FURTHER DISTORTS ARGENTINE POLITICAL SCENE
TAGS: PINT, PFOR, AR, (PERON, MARIA ESTELA MARTINEZ DE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006